

HOUSING AUTHORITY OF THE CITY OF BOGALUSA

Bogalusa, Louisiana

**General Purpose Financial Statements and
Independent Auditor's Reports
As of and for the Year Ended September 30, 2002
With Supplemental Information Schedules**

**WILLIAM DANIEL McCASKILL, CPA
A PROFESSIONAL ACCOUNTING CORPORATION**

**5150 Highway 22, Suite C-14
MANDEVILLE, LOUISIANA 70471**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 4/9/03

HOUSING AUTHORITY OF THE CITY OF BOGALUSA
 Bogalusa, Louisiana
 General Purpose Financial Statements
 As of and for the Fiscal Year Ended September 30, 2002
 With Supplemental Information Schedules

CONTENTS

	Exhibit	Page
Independent Auditor's Report		3
General Purpose Financial Statements:		
Proprietary Fund Type – Enterprise Funds:		
Combined Balance Sheet	A	5
Combined Statement of Revenues, Expenses and Changes in Retained Earnings	B	6
Combined Statement of Cash Flows	C	7
Notes to the Financial Statements		8
	Schedule	Page
Supplemental Information Schedules (GAAP Basis):		
Proprietary Fund Type - Enterprise Funds:		
Combining Balance Sheet	1	16
Combining Statement of Revenues, Expenses and Changes in Retained Earnings	2	17
Schedule of Compensation Paid Board Members	3	18
Other Reports and Schedules:		
Independent Auditor's Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>		19
Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with <u>OMB Circular A-133</u>		21
Schedule of Expenditures of Federal Awards	4	23
Schedule of Prior Audit Findings	5	24
Schedule of Current Year Findings and Questioned Costs	6	25
Financial Data Schedule	7	26
Statement and Certification of Actual Modernization Costs	8	30

William Daniel McCaskill, CPA

A Professional Accounting Corporation

5150 Highway 22, Suite C-14

Mandeville, Louisiana 70471

Telephone 985-845-7772

Fax 985-845-1313

E-mail danny@highperformer.net

**Member of
Louisiana Society of CPA's
Mississippi Society of CPA's
American Institute of CPA's**

INDEPENDENT AUDITOR'S REPORT

**Board of Commissioners
Housing Authority of the City of Bogalusa
Bogalusa, Louisiana**

I have audited the accompanying general-purpose financial statements of the Housing Authority of the City of Bogalusa as of and for the year ended September 30, 2002, as listed in the table of contents. These general purpose financial statements are the responsibility of the authority's management. My responsibility is to express an opinion on these general purpose financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America, Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of the Louisiana Governmental Audit Guide. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the general-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall general-purpose financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the general purpose financial statements referred to above present fairly in all material respects, the financial position of the Housing Authority of the City of Bogalusa as of September 30, 2002, and the results of its operations and the cash flows of its propriety fund types for the year ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, I have also issued a report dated February 6, 2003 on my consideration of the authority's internal control

HOUSING AUTHORITY OF THE CITY OF BOGALUSA

Bogalusa, Louisiana
Independent Auditor's Report, 2002
Page Two

over financial reporting and my tests of its compliance with certain laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of my audit.

My audit was conducted for the purpose of forming an opinion on the general-purpose financial statements of the authority taken as a whole. The accompanying Schedule of Expenditures of Federal Awards, required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non Profit Organizations, is presented for purposes of additional analysis, and is not a required part of the general purpose financial statements. The accompanying Financial Data Schedule, required by HUD, is presented for purposes of additional analysis, and is not a required part of the general-purpose financial statements. The accompanying combining schedules are presented for the purpose of additional analysis and are not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in my opinion, is fairly presented in all material respects in relation to the financial statements and any other included supplementary information taken as a whole.

 William Daniel
McCaskill, CPA, APAC

Digitally signed by William
Daniel McCaskill, CPA,
APAC
DN: cn=William Daniel
McCaskill, CPA, APAC, c=US
Date: 2003.02.01 10:33:54
+0500

William Daniel McCaskill, CPA
A Professional Accounting Corporation

February 6, 2003

HOUSING AUTHORITY OF THE CITY BOGALUSA

Bogalusa, Louisiana
 Combined Balance Sheet - Proprietary Fund Type -
 Enterprise Funds
 As of September 30, 2002

Assets**Current Assets:**

Cash and Cash Equivalents	\$ 412,702
Accounts Receivable - HUD Other Projects	87,046
Accounts Receivable - Tenants Dwelling Rents	10,927
Allowance for Doubtful Accounts - Dwelling Rents	(645)
Interprogram Due From	144,424
Prepaid Expenses and Other Assets	39,147
Inventories	38,462
Accrued Interest Receivable	1,332
Total Current Assets	<u>733,395</u>

Restricted Assets:

Cash	<u>44,380</u>
------	---------------

Fixed Assets, Net of Accumulated Depreciation:

Land	237,721
Buildings	11,955,563
Furniture, Equipment & Machinery - Dwellings	276,950
Furniture, Equipment & Machinery - Administration	152,439
Leasehold Improvements	788,381
Accumulated Depreciation	(11,180,863)
Construction In Progress	450,170
Total Fixed Assets, Net of Accumulated Depreciation	<u>2,680,361</u>

Total Assets	<u>\$ 3,458,136</u>
---------------------	----------------------------

Liabilities and Equity**Current Liabilities (payable from current assets):**

Accounts Payable	\$ 35,892
Accrued Wages and Payroll Taxes Payable	3,601
Accrued Compensated Absences - Current	8,546
Interprogram Due To	144,424
Total Current Liabilities (payable from current assets)	<u>192,463</u>

Current Liabilities (payable from restricted assets):

Tenant Security Deposits	<u>44,380</u>
--------------------------	---------------

Long-term Liabilities:

Other Long-term Liabilities	<u>15,268</u>
-----------------------------	---------------

Total Liabilities	<u>252,111</u>
--------------------------	-----------------------

Equity:

Contributed Capital	1,666,895
Retained Earnings (Deficit)	1,539,130
Total Equity	<u>3,206,025</u>

Total Liabilities and Equity	<u>\$ 3,458,136</u>
-------------------------------------	----------------------------

The accompanying notes are an integral part of these financial statements.

HOUSING AUTHORITY OF THE CITY BOGALUSA
 Bogalusa, Louisiana
 Proprietary Fund Type - Enterprise Funds
 Combined Statement of Revenues, Expenses, and Changes in Retained Earnings
 For Fiscal Year Ended September 30, 2002

Operating Revenues:	
Net Tenant Rental Revenue	\$ 348,431
Tenant Revenue - Other	132,905
Other Revenue	31,697
Total Operating Revenues	<u>513,033</u>
Operating Expenses:	
Administrative Expenses	427,459
General Expenses	143,234
Ordinary Maintenance & Operation	330,522
Extraordinary Maintenance & Operation	3,443
Tenant Services	2,671
Utilities	219,938
Housing Assistance Payments	364,019
Depreciation Expense	444,574
Total Operating Expenses	<u>1,935,860</u>
Operating Income (Loss)	<u>(1,422,827)</u>
Non-operating Revenues (Expenses)	
Federal Operating Grants	1,194,474
Federal Capital Grants	462,735
Gain (Loss) on Sale of Fixed Assets	(230)
Investment Income	6,734
Casualty Losses	(25,221)
Total Non-operating Revenues (Expenses)	<u>1,638,492</u>
Income (Loss) Before Operating Transfers	<u>215,665</u>
Operating Transfers In (Out)	
Operating Transfers In	67,058
Operating Transfers Out	(67,058)
Total Operating Transfers In (Out)	<u>-</u>
Net Income (Loss)	215,665
Add depreciation on fixed assets acquired by grants, entitlements, and shared revenues externally restricted for capital acquisitions and construction that reduces contributed capital	<u>365,062</u>
Increase (Decrease) in Retained Earnings	580,727
Retained Earnings at Beginning of Year	858,789
Prior Period Adjustments	<u>99,614</u>
Retained Earnings at End of Year	<u>\$ 1,539,130</u>

The accompanying notes are an integral part of these financial statements.

HOUSING AUTHORITY OF THE CITY BOGALUSA
 Bogalusa, Louisiana
 Combined Statement of Cash Flows - Proprietary Fund Type - Enterprise Funds
 For Fiscal Year Ended September 30, 2002

Cash flows from operating activities:

Operating Income (Loss)	\$ (1,422,827)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:	
Depreciation	444,574
(Increase) Decrease in tenants accounts receivable	15,730
(Increase) Decrease in accounts receivable HUD	-
(Increase) Decrease in misc accounts receivable	783
(Increase) Decrease in prepaid items and other assets	(7,097)
(Increase) Decrease in supplies inventory	13,021
(Increase) Decrease in accrued interest receivable	(80)
Increase (Decrease) in accounts payable	(17,986)
Increase (Decrease) in accounts HUD PHA programs	(74,365)
Increase (Decrease) in accounts payable other government	(2,037)
Increase (Decrease) in accrued compensated absences	(196)
Increase (Decrease) in tenant security deposits	650
Increase (Decrease) in other payables and deferred revenue	-
Net cash provided (used) by operating activities	<u>(1,049,830)</u>

Cash flows from noncapital financing activities

Proceeds from federal operating grants	<u>1,159,993</u>
--	------------------

Cash flows from capital and related financing activities:

Payments to acquire, construct, or improve capital assets	(464,161)
Casualty losses	(25,221)
Proceeds from federal capital grants	448,155
Gain (Loss) on sale of fixed assets	(230)
Net cash provided (used) for capital and related financing activities	<u>(41,457)</u>

Cash flow from investing activities:

Investment income (interest income)	<u>6,734</u>
Net cash provided (used) for investing activities	<u>6,734</u>

Net increase (decrease) in cash and cash equivalents

Cash and cash equivalents at beginning of year	<u>381,642</u>
--	----------------

Cash and cash equivalents at end of year

<u>\$ 457,082</u>

The accompanying notes are an integral part of these financial statements.

HOUSING AUTHORITY OF THE CITY OF BOGALUSA

Bogalusa, Louisiana

Notes to the Financial Statements

For Fiscal Year Ended September 30, 2002

The Public Housing Authority (the authority) was chartered as a public corporation under the laws of the State of Louisiana for the purpose of providing safe and sanitary dwelling accommodations for the residents of Bogalusa, Louisiana. This creation was contingent upon the approval of the local governing body of the City. A five member Board of Commissioners governs the authority. The members, appointed by the City of Bogalusa Louisiana, serve a four year staggered term.

Under the United States Housing Act of 1937, as amended, the U.S. Department of Housing and Urban Development (HUD) has direct responsibility for administering low rent housing programs in the United States. Accordingly, HUD has entered into an annual contributions contract with the authority for the purpose of assisting the authority in financing the acquisition, construction and leasing of housing units and to make annual contributions (subsidies) to the authority for the purpose of maintaining this low rent character.

At September 30, 2002, the authority was managing 340 units of Low Rent Public Housing under FW-1053, a Comprehensive Grant Program, a Housing Choice Voucher Program, and a Capital Fund Program.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Basis of Presentation

The accompanying financial statements of the authority have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

(2) Financial Reporting Entity

Codification Section 2100 has defined the governmental reporting entity to be the authority itself. The authority has a separate governing body, is legally separate, and is fiscally independent of other state and local governments.

The authority is a related organization of the City of Bogalusa, Louisiana since the city appoints a voting majority of the authority's governing board. The city is not financially accountable for the authority as it cannot impose its will on the authority and there is no potential for the authority to provide financial benefit to, or impose financial burdens on, the city. Accordingly, the authority is not a component unit of the financial reporting entity of the city.

HOUSING AUTHORITY OF THE CITY OF BOGALUSA

Bogalusa, Louisiana

Notes to the Financial Statements, 2002 – Continued

The financial statements include all funds and activities that are within the oversight responsibility of the authority.

Certain units of local government over which the authority exercises no oversight responsibility, such as the parish police jury, school board, and municipalities within the parish, are excluded from the accompanying financial statements. These units of government are considered separate reporting entities and issue financial statements separate from those of the authority. In addition, the accompanying financial statements do not include various tenant associations, which are legally separate entities.

(3) Fund Accounting

The authority uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

Funds of the authority are classified as proprietary fund type – enterprise funds. Proprietary funds account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Proprietary funds differ from governmental funds in that their focus is on income measurement, which, together with the maintenance of equity, is an important financial indicator.

(4) Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Proprietary funds are accounted for on a flow of economic resources measurement focus and a determination of net income and capital maintenance. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on the balance sheet. Proprietary funds use the accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized at the time the liabilities are incurred.

(5) Budgetary Data

The authority is required by its HUD Annual Contributions Contract to adopt annual budgets for the Low Rent Public Housing Program and the Section 8 Programs. Annual budgets are not required for modernization and drug elimination grants as their budgets are approved for the length of the project. Both annual and project length budgets require grantor approval.

HOUSING AUTHORITY OF THE CITY OF BOGALUSA

Bogalusa, Louisiana

Notes to the Financial Statements, 2002 – Continued

(6) Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(7) Cash and Cash Equivalents

Cash includes amounts in demand deposits and interest-bearing demand deposits. Cash equivalents include amounts in certificates of deposits and those investments with original maturities of 90 days or less. Under state law, the authority may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

(8) Investments

Investments are limited by HUD regulations, state law, and the authority's investment policy. If the original maturities of investments exceed 90 days, they are classified as investments. If the original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated at fair value based on quoted market prices.

(9) Short-term Interfund Receivables and Payables

Short-term interfund loans are classified as Interprogram Due From and Due To. No eliminations have been made in the accompanying financial statements.

(10) Inventories

Inventory items are valued at cost on a first-in first-out (FIFO) basis. Any difference between cost and market is deemed immaterial. The authority uses a periodic inventory system and accounts for inventory using the purchase method.

(11) Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. Prepaid expenses generally consist of prepaid insurance.

(12) Fixed Assets

Fixed assets are recorded at historical cost and depreciated over their estimated useful lives (excluding salvage value) using the straight-line method. Donated capital assets are recorded at their estimated fair value at the date of donation. The capitalization limit is \$200. Estimated useful lives, in years, for depreciable assets are as follows:

Leasehold improvements	15 Years
Buildings	33 Years

HOUSING AUTHORITY OF THE CITY OF BOGALUSA

Bogalusa, Louisiana

Notes to the Financial Statements, 2002 – Continued

Building improvements	15 Years
Non-dwelling structures	33 Years
Equipment	3-7 Years

Interest costs during construction have been capitalized. Infrastructure such as parking lots and sidewalks are included in leasehold improvements. All land and buildings are encumbered by a Declaration of Trust in favor of the United States of America as security for obligations guaranteed by the government and to protect other interests of the government.

(13) Compensated Absences

Employees may accumulate an unlimited number of annual and sick leave hours. Depending on their length of service, employees receive payment for up to 300 annual leave hours upon termination or retirement at their then current rate of pay. Employees are not compensated for unused sick leave. The cost of current leave privileges, computed in accordance with GASB Codification Section C60 is recognized as a current year expense when leave is earned.

NOTE B – CASH AND CASH EQUIVALENTS

At September 30, 2002, the authority has cash and cash equivalents (book balances) totaling \$457,082 as follows:

Demand deposits	\$137,724
Time deposits	319,358
Other	-
Total	<u>\$457,082</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal or exceed the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At September 30, 2002, the authority has \$478,205 in deposits (bank balances), categorized below to reflect the amount of risk assumed by the authority.

GASB Category 1	\$200,000
GASB Category 2	-
GASB Category 3	278,205
Total	<u>\$478,205</u>

HOUSING AUTHORITY OF THE CITY OF BOGALUSA

Bogalusa, Louisiana

Notes to the Financial Statements, 2002 – Continued

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, R.S. 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the authority that the fiscal agent has failed to pay deposited funds upon demand.

NOTE C – FIXED ASSETS

The following is a summary of fixed assets:

Land	\$ 237,721
Buildings	11,955,563
Furniture and Equipment:	
Dwellings	276,950
Administration	152,439
Leasehold Improvements	788,381
Construction in progress	450,170
Total	<u>13,861,224</u>
Accumulated depreciation	<u>(11,180,863)</u>
Net fixed assets	<u>\$ 2,680,361</u>

NOTE D – SEGMENT INFORMATION

The Low Rent Public Housing Fund accounts for the federal grant received from HUD to provide and operate cost-effective, decent, safe and affordable dwellings for lower income families.

The Comprehensive Grant Program Fund (CGP) accounts for the federal grant received from HUD to improve the physical quality of housing provided to low income households through modernization and development. Specifically, capital improvements, major repairs, management improvements, and related planning costs are funded through CGP.

The Housing Choice Vouchers Fund accounts for the federal grant received from HUD to aid very low-income families in obtaining decent, safe, and sanitary rental housing.

The Capital Fund accounts for the federal grant received from HUD for the development, financing and modernization of public housing developments and for management improvements.

Selected segment information for the year ended September 30, 2002 follows:

HOUSING AUTHORITY OF THE CITY OF BOGALUSA

Bogalusa, Louisiana

Notes to the Financial Statements, 2002 – Continued

	Low Rent	CGP	Vouchers	CFP
Operating revenues	\$ 513,033	\$ -	\$ -	\$ -
Depreciation	386,590	38,663	-	19,321
Operating income (loss)	(831,044)	(40,089)	(392,815)	(158,879)
Operating grants	577,194	1,426	409,238	206,616
Interfund transfers in	67,058	-	-	-
Interfund transfers out	-	-	-	(67,058)
Net income (loss)	(206,614)	(35,590)	17,555	440,341
Fixed asset additions	-	4,499	-	334,521
Fixed asset deletions	8,554	-	-	-
Net working capital	482,579	-	58,353	-
Total assets	2,057,891	458,040	180,263	761,942
Long-term liabilities outstanding	15,268	-	-	-
Total equity	1,951,566	458,040	58,353	738,066

NOTE E - RETIREMENT PLAN

The authority participates in the Housing-Renewal and Local Agency Retirement Plan, administered by Broussard, Bush & Hurst, which is a defined contribution plan. The plan consists of employees of various local and regional housing authorities, urban renewal agencies, and other similar organizations. Through this plan, the authority provides pension benefits for all of its full-time employees. All regular and full-time employees are eligible to participate in the plan on the first day of the month after completing six months of continuous and uninterrupted employment.

Under a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The employer is required to make monthly contributions equal to five percent (5%) of each participant's basic (excludes overtime) compensation. Employees are required to contribute five percent (5%) of their annual covered salary.

The authority's contribution for each employee and income allocated to the employee's account are fully vested after five years of continuous service. The authority's contributions and interest forfeited by employees who leave employment before five years of service are used to offset future contributions of the authority.

Normal retirement date shall be the first day of the month following the employee's sixty-fifth birthday or after ten years of participation in the plan.

The authority's total payroll for the year ended September 30, 2002, was \$257,068. The authority's contributions were calculated using the base salary

HOUSING AUTHORITY OF THE CITY OF BOGALUSA

Bogalusa, Louisiana

Notes to the Financial Statements, 2002 – Continued

amount of \$257,068. The authority made the required contributions of \$11,414 for the year ended September 30, 2002.

NOTE F - COMPENSATED ABSENCES

At September 30, 2002, employees of the authority have accumulated and vested \$23,814 of employee-leave benefits, which was computed in accordance with GASB Codification Section C60. The leave payable is recorded in the accompanying financial statements, with \$8,546 recorded as a current liability and \$15,268 recorded as a non-current liability.

NOTE G – INTERPROGRAM DUE FROM AND DUE TO

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>
Low Rent Program	\$144,424	
Housing Choice Vouchers		\$120,548
Capital Fund Program		23,876
Total	<u>\$144,424</u>	<u>\$144,424</u>

NOTE H – PRIOR PERIOD ADJUSTMENTS, EQUITY TRANSFERS, AND CORRECTIONS OF ERRORS

The Low Rent Program recorded \$101,131 of prior period adjustments including \$27,302 to correct the accrued compensated absences balance, \$73,606 to capitalize fees and costs for various modernization projects, and a \$223 miscellaneous adjustment. The Housing Choice Vouchers Program recorded an adjustment of \$(1,517) to recapture interest.

NOTE I – RISK MANAGEMENT

The authority is exposed to all common perils associated with the ownership and rental of real estate properties. To minimize loss occurrence and to transfer risk, the authority carries various commercial insurance policies including property, casualty, employee dishonesty, public official's liability, business auto and other miscellaneous policies. These policies are reviewed for adequacy by management annually.

NOTE J – LITIGATION AND CLAIMS

The authority is not involved in any lawsuits at September 30, 2002.

HOUSING AUTHORITY OF THE CITY OF BOGALUSA

Bogalusa, Louisiana

Notes to the Financial Statements, 2002 – Continued

NOTE K – FEDERAL COMPLIANCE CONTINGENCIES

The authority is subject to possible examinations by federal regulators who determine compliance with terms, conditions, laws and regulations governing grants given to the entity in the current and prior years. These examinations may result in required refund by the entity to federal grantors and/or program beneficiaries.

HOUSING AUTHORITY OF THE CITY BOGALUSA
 Bogalusa, Louisiana
 Combining Balance Sheet - Proprietary Fund Type - Enterprise Funds
 As of September 30, 2002

	<i>Low Rent Public Housing</i>	<i>CGP</i>	<i>Housing Choice Vouchers</i>	<i>Capital Fund Program</i>	<i>Total</i>
<u>Assets</u>					
Current Assets:					
Cash and cash equivalents	\$ 296,183	\$ -	\$ 116,519	\$ -	\$ 412,702
Accounts Receivable - HUD Other Projects	-	-	63,170	23,876	87,046
Accounts Receivable - Tenants Dwelling Rents	10,927	-	-	-	10,927
Allowance for Doubtful Accounts - Dwelling Rents	(645)	-	-	-	(645)
Accrued Interest Receivable	1,041	-	291	-	1,332
Total Receivables, Net of Allowances	11,323	-	63,461	23,876	98,660
Prepaid Expenses and Other Assets	38,864	-	283	-	39,147
Inventories	38,462	-	-	-	38,462
Interprogram - Due From	144,424	-	-	-	144,424
Total Current Assets	529,256	-	180,263	23,876	733,395
Restricted Assets:					
Cash	44,380	-	-	-	44,380
Total Restricted Assets	44,380	-	-	-	44,380
Fixed Assets:					
Land	237,721	-	-	-	237,721
Buildings	11,302,184	-	-	653,379	11,955,563
Furniture, Equipment & Machinery - Dwellings	182,000	40,000	-	54,950	276,950
Furniture, Equipment & Machinery - Administration	81,050	13,105	2,284	56,000	152,439
Leasehold Improvements	788,381	-	-	-	788,381
Accumulated Depreciation	(11,107,081)	(45,235)	(2,284)	(26,263)	(11,180,863)
Construction In Progress	-	450,170	-	-	450,170
Total Fixed Assets, Net of Accumulated Depreciation	1,484,255	458,040	-	738,066	2,680,361
Total Assets	\$ 2,057,891	\$ 458,040	\$ 180,263	\$ 761,942	\$ 3,458,136
<u>Liabilities and Equity</u>					
Liabilities:					
Current Liabilities (payable from current assets):					
Accounts Payable	\$ 9,593	\$ -	\$ -	\$ -	\$ 9,593
Accounts Payable - HUD PHA Programs	-	-	1,362	-	1,362
Accounts Payable - Other Governments	24,937	-	-	-	24,937
Accrued wage/payroll taxes payable	3,601	-	-	-	3,601
Accrued Compensated Absences, current	8,546	-	-	-	8,546
Interprogram Due To	-	-	120,548	23,876	144,424
Total Current Liabilities (payable from current assets)	46,677	-	121,910	23,876	192,463
Current Liabilities (payable from restricted assets):					
Tenant Security Deposits	44,380	-	-	-	44,380
Long-term Liabilities:					
Accrued Compensated Absences - Non-current	15,268	-	-	-	15,268
Total Long-term Liabilities	15,268	-	-	-	15,268
Total Liabilities	106,325	-	121,910	23,876	252,111
Equity:					
Net HUD PHA Contributions	1,432,118	234,777	-	-	1,666,895
Total Contributed Capital	1,432,118	234,777	-	-	1,666,895
Retained Earnings (Deficit)	519,448	223,263	58,353	738,066	1,539,130
Total Equity	1,951,566	458,040	58,353	738,066	3,206,025
Total Liabilities and Equity	\$ 2,057,891	\$ 458,040	\$ 180,263	\$ 761,942	\$ 3,458,136

HOUSING AUTHORITY OF THE CITY BOGALUSA

Bogalusa, Louisiana

Combining Statement of Revenues, Expenses, and Changes in Retained Earnings -
 Proprietary Fund Type - Enterprise Funds
 For Fiscal Year Ended September 30, 2002

	<i>Low Rent Public Housing</i>	<i>CGP</i>	<i>Housing Choice Vouchers</i>	<i>Capital Fund Program</i>	<i>Total</i>
Operating Revenues:					
Net Tenant Rental Revenue	\$ 348,431	\$ -	\$ -	\$ -	\$ 348,431
Tenant Revenue - Other	132,905	-	-	-	132,905
Other Revenue	31,697	-	-	-	31,697
Total Operating Revenues	513,033	-	-	-	513,033
Operating Expenses:					
Administrative Expenses	258,820	1,426	27,655	139,558	427,459
General Expenses	142,093	-	1,141	-	143,234
Ordinary Maintenance & Operation	330,522	-	-	-	330,522
Extraordinary Maintenance & Operation	3,443	-	-	-	3,443
Tenant Services	2,671	-	-	-	2,671
Utilities	219,938	-	-	-	219,938
Housing Assistance Payments	-	-	364,019	-	364,019
Depreciation Expense	386,590	38,663	-	19,321	444,574
Total Operating Expenses	1,344,077	40,089	392,815	158,879	1,935,860
Operating Income (Loss)	(831,044)	(40,089)	(392,815)	(158,879)	(1,422,827)
Non-operating Revenues (Expenses)					
Federal Operating Grants	577,194	1,426	409,238	206,616	1,194,474
Federal Capital Grants	-	3,073	-	459,662	462,735
Gain (Loss) on Sale of Fixed Assets	(230)	-	-	-	(230)
Investment Income	5,602	-	1,132	-	6,734
Casualty Losses	(25,221)	-	-	-	(25,221)
Total Non-operating Revenues (Expenses)	557,345	4,499	410,370	666,278	1,638,492
Income (Loss) Before Operating Transfers	(273,699)	(35,590)	17,555	507,399	215,665
Operating Transfers In (Out)					
Operating Transfers In	67,058	-	-	-	67,058
Operating Transfers Out	-	-	-	(67,058)	(67,058)
Total Operating Transfers In (Out)	67,058	-	-	(67,058)	-
Net Income (Loss)	(206,641)	(35,590)	17,555	440,341	215,665
Add depreciation on fixed assets acquired by grants, entitlements, and shared revenues externally restricted for capital acquisitions and construction that reduces contributed capital	365,062	-	-	-	365,062
Increase (Decrease) in Retained Earnings	158,421	(35,590)	17,555	440,341	580,727
Retained Earnings at Beginning of Year	259,896	258,853	42,315	297,725	858,789
Prior Period Adjustments, equity transfers, and correction of errors	101,131	-	(1,517)	-	99,614
Retained Earnings at End of Year	\$ 519,448	\$ 223,263	\$ 58,353	\$ 738,066	\$ 1,539,130

HOUSING AUTHORITY OF THE CITY OF BOGALUSA

Bogalusa, Louisiana

Schedule of Compensation Paid Board Members**For Fiscal Year Ended September 30, 2002**

Exie Mae Abram	\$ 450
Johnny Crain	450
Cleo Crutchfield	-
Elsie Eudolph	-
Wannette Vaughn	450
Total	<u>\$ 1,350</u>

Board members receive \$75 for each meeting attended.

William Daniel McCaskill, CPA
A Professional Accounting Corporation
5150 Highway 22, Suite C-14
Mandeville, Louisiana 70471

Telephone 985-845-7772
Fax 985-845-1313
E-mail danny@highperformer.net

Member of
Louisiana Society of CPA's
Mississippi Society of CPA's
American Institute of CPA's

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Commissioners
Housing Authority of the City of Bogalusa
Bogalusa, Louisiana

I have audited the financial statements of the Housing Authority of the City of Bogalusa (the authority), as of and for the year ended September 30, 2002 and have issued my report thereon dated February 6, 2003. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the authority's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the authority's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of

HOUSING AUTHORITY OF THE CITY OF BOGALUSA

Bogalusa, Louisiana
Independent Auditor's Report
on Compliance...Government
Auditing Standards, 2002
Page Two

the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in the amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended for the information of the board of commissioners, management, and for HUD. However, this report is a matter of public record and its distribution is not limited.

 William Daniel
McCaskill, CPA, APAC
Signature Valid

Digitally signed by
William Daniel McCaskill,
CPA, APAC
DN: cn=William Daniel
McCaskill, CPA, APAC,
c=US
Date: 2003.03.31
10:35:22 -0600

William Daniel McCaskill, CPA
A Professional Accounting Corporation

February 6, 2003

William Daniel McCaskill, CPA

A Professional Accounting Corporation

5150 Highway 22, Suite C-14

Mandeville, Louisiana 70471

Telephone 985-845-7772

Fax 985-845-1313

E-mail danny@highperformer.net

Member of

Louisiana Society of CPA's

Mississippi Society of CPA's

American Institute of CPA's

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Commissioners
Housing Authority of the City of Bogalusa
Bogalusa, Louisiana

Compliance

I have audited the compliance of the Housing Authority of the City of Bogalusa (the authority) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal program for the year ended September 30, 2002. The authority's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the authority's management. My responsibility is to express an opinion on the authority's compliance based on my audit.

I conducted my audit of compliance in accordance with: auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non Profit Organizations. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on the authority's compliance with those requirements.

HOUSING AUTHORITY OF THE CITY OF BOGALUSA

Bogalusa, Louisiana
Independent Auditor's Report
on Compliance...A-133, 2002
Page Two

In my opinion, the authority complied, in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2002.

Internal Control Over Compliance

The management of the authority is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing my audit, I considered the authority's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

My consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. My consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. I noted no matters involving the internal control over compliance and its operation that I consider to be material weaknesses.

This report is intended for the information of the board of commissioners, management, and for HUD. However, this report is a matter of public record and its distribution is not limited.

 William Daniel
McCaskill, CPA, APAC

Digitally signed by William
Daniel McCaskill, CPA,
APAC
DN: cn=William Daniel
McCaskill, CPA, APAC,
c=US
Date: 2003.03.31 10:35:48
+08'00'

William Daniel McCaskill, CPA
A Professional Accounting Corporation

February 6, 2003

HOUSING AUTHORITY OF THE CITY BOGALUSA

Bogalusa, Louisiana

Schedule of Expenditures of Federal Awards
For Fiscal Year Ended September 30, 2002

<i>CFDA #</i>	<i>Name of Federal Program</i>	<i>Federal Award Expenditure</i>
14.850a	Low Rent Public Housing	\$ 577,194
14.859	Public Housing Comprehensive Grant Program	4,499
14.871	Housing Choice Vouchers	409,238
14.872	Public Housing Capital Fund Program	666,278
	Total Federal Expenditures	<u>\$ 1,657,209</u>

HOUSING AUTHORITY OF THE CITY OF BOGALUSA

Bogalusa, Louisiana

Schedule of Prior Year Audit Findings
Fiscal Year Ended September 30, 2002

There were no findings in the prior audit.

HOUSING AUTHORITY OF THE CITY OF BOGALUSA

Bogalusa, Louisiana

Schedule of Current Audit Findings and Questioned Costs

Fiscal Year Ended September 30, 2002

Per OMB Circular A-133, Section 505(d)

1. Summary Schedule of Auditor's Results:

- i. The type of auditor's report issued was unqualified.
- ii. There were no reportable conditions required to be disclosed by Government Auditing Standards issued by the Comptroller General of the United States.
- iii. There were no instances of noncompliance considered material, as defined by Government Auditing Standards, to the financial statements.
- iv. There were no reportable conditions required to be disclosed by OMB Circular A-133.
- v. The type of report the auditor issued on compliance for major programs was unqualified.
- vi. The audit disclosed no audit findings, which the auditor is required to report under Section 510(a) of OMB Circular A-133.
- vii. The major federal programs are:

<u>CFDA#</u>	<u>Name of Program</u>
14.850a	Low Rent Public Housing

- viii. The dollar threshold used to distinguish between Type A and Type B programs as described in OMB Circular A-133, Section 520(b) was \$300,000.
- ix. The auditee qualified as a low risk auditee under OMB Circular A-133, Section 530.

2. Findings required to be reported by Government Auditing Standards: None

3. Findings required to be reported by OMB Circular A-133: None

HOUSING AUTHORITY OF THE CITY OF BOGALUSA

Bogalusa, Louisiana
Financial Data Schedule
For Fiscal Year Ended September 30, 2002

Line Item No.	Account Description	Low Rent Public Housing	CGP	Housing Choice Vouchers	Capital Fund Program	Total
111	Cash - unrestricted	\$ 296,183	\$ -	\$ 116,519	\$ -	\$ 412,702
114	Cash - tenant security deposits	44,380	-	-	-	44,380
		<u>340,563</u>				
122	Accounts receivable - HUD other projects	-	-	63,170	23,876	87,046
126	Accounts receivable - tenants - dwelling rents	10,927	-	-	-	10,927
126.1	Allowance for doubtful accounts - dwelling rents	(645)	-	-	-	(645)
129	Accrued interest receivable	1,041	-	291	-	1,332
		<u>10,323</u>				
120	Total receivables and doubtful accounts	<u>350,886</u>			<u>23,876</u>	
142	Prepaid expenses and other assets	38,864	-	283	-	39,147
143	Inventories	38,462	-	-	-	38,462
144	Interprogram - due from	144,424	-	-	-	144,424
		<u>171,750</u>				
150	Land	573,636	-	180,283	-	753,919
161	Land	237,721	-	-	-	237,721
162	Buildings	11,302,184	-	-	653,379	11,955,563
163	Furniture, equipment, and machinery - dwellings	182,000	40,000	-	54,950	276,950
164	Furniture, equipment, and machinery - administration	81,050	13,105	2,284	56,000	152,439
165	Leasehold improvements	788,381	-	-	-	788,381
166	Accumulated depreciation	(11,107,081)	(45,235)	(2,284)	(26,263)	(11,180,863)
167	Construction in progress	-	450,170	-	-	450,170
		<u>1,066,680</u>	<u>458,040</u>		<u>38,066</u>	
150	Total fixed assets	<u>1,638,466</u>			<u>761,942</u>	
312	Accounts payable < 90 days	9,593	-	-	-	9,593
321	Accrued wage/payroll taxes payable	3,601	-	-	-	3,601
322	Accrued compensated absences	8,546	-	-	-	8,546
331	Accounts payable - HUD PHA Programs	-	-	1,362	-	1,362
333	Accounts payable - other government	24,937	-	-	-	24,937
341	Tenant security deposits	44,380	-	-	-	44,380
347	Interprogram - due to	-	-	120,548	23,876	144,424
		<u>36,557</u>			<u>23,876</u>	
354	Accrued compensated absences - non-current	15,268	-	-	-	15,268
		<u>15,268</u>				

HOUSING AUTHORITY OF THE CITY OF BOGALUSA

Bogalusa, Louisiana

Financial Data Schedule

For Fiscal Year Ended September 30, 2002

Line Item No.	Account Description	Low Rent Public Housing	CGP	Housing Choice Vouchers	Capital Fund Program	Total
LIABILITIES						
503	LTD HUD Guaranteed	-	-	-	-	-
504	Net HUD PHA contributions	1,432,118	234,777	-	-	1,666,895
508	Total Contributions	1,432,118	234,777	-	-	1,666,895
512	Undesignated fund balance/retained earnings	519,448	223,263	58,353	738,066	1,539,130
513	Total Equity	1,951,566	458,040	58,353	738,066	2,206,025
600	Total Liabilities	2,053,684	458,040	58,353	738,066	2,308,143
703	Net tenant rental revenue	348,431	-	-	-	348,431
704	Tenant revenue - other	132,905	-	-	-	132,905
705	Total tenant revenue	481,336	-	-	-	481,336
706	HUD PHA grants	577,194	1,426	409,238	206,616	1,194,474
706.1	Capital Grants	-	3,073	-	459,662	462,735
711	Investment income - unrestricted	5,602	-	1,132	-	6,734
715	Other revenue	31,697	-	-	-	31,697
716	Gain or loss on sale of fixed assets	(230)	-	-	-	(230)
700	Total Revenues	1,035,538	4,505	410,370	666,278	1,916,691
911	Administrative salaries	129,467	-	17,642	-	147,109
912	Auditing fees	4,700	-	-	-	4,700
914	Compensated absences	(196)	-	-	-	(196)
915	Employee benefit contributions - administrative	45,575	-	6,054	-	51,629
916	Other operating - administrative	79,274	1,426	3,959	139,558	224,217
924	Tenant services - other	2,671	-	-	-	2,671

HOUSING AUTHORITY OF THE CITY OF BOGALUSA

Bogalusa, Louisiana
Financial Data Schedule
For Fiscal Year Ended September 30, 2002

Line Item No.	Account Description	Low Rent Public Housing	CGP	Housing Choice Vouchers	Capital Fund Program	Total
931	Water	18,368	-	-	-	18,368
932	Electricity	195,039	-	-	-	195,039
933	Gas	2,247	-	-	-	2,247
938	Other utilities expense	4,284	-	-	-	4,284
941	Ordinary maintenance and operations - labor	109,959	-	-	-	109,959
942	Ordinary maintenance and operations - materials and other	72,333	-	-	-	72,333
943	Ordinary maintenance and operations - contract costs	109,521	-	-	-	109,521
945	Employee benefit contributions - ordinary maintenance	38,709	-	-	-	38,709
961	Insurance premiums	94,145	-	754	-	94,899
962	Other general expenses	165	-	387	-	552
963	Payments in lieu of taxes	24,937	-	-	-	24,937
964	Bad debt - tenant rents	22,846	-	-	-	22,846
969	Total Operating Expense	957,663	-	1,141	-	958,804
970	Excess Operating Revenue	-	-	-	-	-
971	Extraordinary maintenance	3,443	-	-	-	3,443
972	Casualty losses - non capitalized	25,221	-	-	-	25,221
973	Housing assistance payments	-	-	364,019	-	364,019
974	Depreciation expense	386,590	38,663	-	19,321	444,574
900	Total Expense	1,369,298	38,663	364,019	19,321	1,791,301
1001	Operating transfers in	67,058	-	-	-	67,058
1002	Operating transfers out	-	-	-	(67,058)	(67,058)
1010	Total operating transfers	67,058	-	-	(67,058)	-
1000	Excess (deficiency) operating revenue over expense	(411,641)	(38,663)	(364,019)	17,339	(797,004)

HOUSING AUTHORITY OF THE CITY OF BOGALUSA

Bogalusa, Louisiana

Financial Data Schedule

For Fiscal Year Ended September 30, 2002

Line Item No.	Account Description	Low Rent Public Housing	CGP	Housing Choice Vouchers	Capital Fund Program	Total
MEMO ACCOUNT INFORMATION						
1103	Beginning equity	2,057,076	493,630	42,315	297,725	2,890,746
1104	Prior period adjustments, equity transfers, and correction of errors	101,131	-	(1,517)	-	99,614
1112	Depreciation "add-back"	365,062	-	-	-	365,062
1113	Maximum annual contributions commitment (Per ACC)	-	-	393,630	-	393,630
1115	Contingency reserve, ACC program reserve	-	-	95,315	-	95,315
1116	Total annual contributions available	-	-	488,945	-	488,945
1120	Unit Months Available	4,080	-	1,176	-	5,256
1121	Number of unit months leased	3,910	-	1,138	-	5,048

HOUSING AUTHORITY OF THE CITY BOGALUSA

Bogalusa, Louisiana

**Statement and Certification of Actual Modernization Costs
For Fiscal Year Ended September 30, 2002**

Modernization Project Number LA48P02470799

Original Funds Approved	\$ 640,839
Less Funds Expended (Actual Modernization Cost)	<u>640,839</u>
Excess Funds Approved	<u>\$ -</u>
 Funds Disbursed	 \$ 640,839
Less Funds Expended (Actual Modernization Cost)	<u>640,839</u>
Excess Funds Disbursed	<u>\$ -</u>

The distribution of costs by project as shown on HUD Final Performance and Evaluation Report dated December 19, 2001 accompanying the Actual Modernization Cost Certificates, submitted to HUD for approval are in agreement with the PHA's records.

All modernization costs have been paid and all related liabilities have been discharged through payments.